

JS-6

**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

vs.

JOHNNY TSENG (a/k/a Kuanhao J.  
Tseng, Kuanhao Tseng), KEVIN  
ZHANG (a/k/a Kevin Huapeng Zhang,  
Huapeng Zhang), and  
SUMMITCREST CAPITAL, INC.,

Defendants.

Case No. 5:23-cv-01488-MRA(DTBx)

**FINAL JUDGMENT AS TO  
DEFENDANT KEVIN ZHANG**

1 The Securities and Exchange Commission having filed a Complaint and  
2 Defendant Kevin Zhang, a/k/a Kevin Huapeng Zhang, Huapeng Zhang (“Zhang” or  
3 “Defendant”) having entered a general appearance; consented to the Court’s  
4 jurisdiction over Defendant and the subject matter of this action; consented to entry  
5 of this Final Judgment as to Defendant without admitting or denying the allegations  
6 of the Complaint (except as to jurisdiction and except as otherwise provided herein in  
7 paragraph VIII); waived findings of fact and conclusions of law; and waived any  
8 right to appeal from this Final Judgment:

9 I.

10 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is  
11 permanently restrained and enjoined from violating, directly or indirectly, Section  
12 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. §  
13 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using  
14 any means or instrumentality of interstate commerce, or of the mails, or of any  
15 facility of any national securities exchange, in connection with the purchase or sale of  
16 any security:

- 17 (a) to employ any device, scheme, or artifice to defraud;  
18 (b) to make any untrue statement of a material fact or to omit to state a  
19 material fact necessary in order to make the statements made, in the light  
20 of the circumstances under which they were made, not misleading; or  
21 (c) to engage in any act, practice, or course of business which operates or  
22 would operate as a fraud or deceit upon any person.

23 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as  
24 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also  
25 binds the following who receive actual notice of this Final Judgment by personal  
26 service or otherwise: (a) Defendant’s officers, agents, servants, employees, and  
27 attorneys; and (b) other persons in active concert or participation with Defendant or  
28 with anyone described in (a).

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;

- 1 (b) Unless a registration statement is in effect as to a security, carrying or  
2 causing to be carried through the mails or in interstate commerce, by any  
3 means or instruments of transportation, any such security for the purpose  
4 of sale or for delivery after sale; or
- 5 (c) Making use of any means or instruments of transportation or  
6 communication in interstate commerce or of the mails to offer to sell or  
7 offer to buy through the use or medium of any prospectus or otherwise  
8 any security, unless a registration statement has been filed with the  
9 Commission as to such security, or while the registration statement is the  
10 subject of a refusal order or stop order or (prior to the effective date of  
11 the registration statement) any public proceeding or examination under  
12 Section 8 of the Securities Act [15 U.S.C. § 77h].

13 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as  
14 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also  
15 binds the following who receive actual notice of this Final Judgment by personal  
16 service or otherwise: (a) Defendant's officers, agents, servants, employees, and  
17 attorneys; and (b) other persons in active concert or participation with Defendant or  
18 with anyone described in (a).

19 IV.

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that pursuant to  
21 21(d)(1) and 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(1) and (5)], and  
22 Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], Defendant is permanently  
23 restrained and enjoined from, directly or indirectly, including, but not limited to,  
24 through any entity owned or controlled by Defendant, participating in the issuance,  
25 purchase, offer, or sale of any security; provided, however, that such injunction shall  
26 not prevent Defendant from purchasing or selling securities for his own personal  
27 account.  
28

1 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as  
2 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also  
3 binds the following who receive actual notice of this Final Judgment by personal  
4 service or otherwise: (a) Defendant's officers, agents, servants, employees, and  
5 attorneys; and (b) other persons in active concert or participation with Defendant or  
6 with anyone described in (a).

7 V.

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant  
9 to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and Section 20(e) of  
10 the Securities Act [15 U.S.C. § 77t(e)], Defendant is prohibited from acting as an  
11 officer or director of any issuer that has a class of securities registered pursuant to  
12 Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports  
13 pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

14 VI.

15 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that  
16 Defendant shall pay disgorgement of ill-gotten gains, prejudgment interest thereon,  
17 and a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. §  
18 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. The Court  
19 shall determine the amounts of the disgorgement and civil penalty upon motion of the  
20 Commission. Prejudgment interest shall be calculated from July 28, 2023, based on  
21 the rate of interest used by the Internal Revenue Service for the underpayment of  
22 federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with the  
23 Commission's motion for disgorgement and/or civil penalties, and at any hearing held  
24 on such a motion: (a) Defendant will be precluded from arguing that he did not  
25 violate the federal securities laws as alleged in the Complaint; (b) Defendant may not  
26 challenge the validity of the Consent or this Final Judgment; (c) solely for the  
27 purposes of such motion, the allegations of the Complaint shall be accepted as and  
28 deemed true by the Court; and (d) the Court may determine the issues raised in the

1 motion on the basis of affidavits, declarations, excerpts of sworn deposition or  
2 investigative testimony, and documentary evidence, without regard to the standards  
3 for summary judgment contained in Rule 56(c) of the Federal Rules of Civil  
4 Procedure. In connection with the Commission's motion for disgorgement and/or  
5 civil penalties, the parties may take discovery, including discovery from appropriate  
6 non-parties.

7 VII.

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the  
9 Consent is incorporated herein with the same force and effect as if fully set forth  
10 herein, and that Defendant shall comply with all of the undertakings and agreements  
11 set forth therein.

12 VIII.

13 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for  
14 purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code,  
15 11 U.S.C. §523, the allegations in the complaint are true and admitted by Defendant,  
16 and further, any debt for disgorgement, prejudgment interest, civil penalty or other  
17 amounts due by Defendant under this Final Judgment or any other judgment, order,  
18 consent order, decree or settlement agreement entered in connection with this  
19 proceeding, is a debt for the violation by Defendant of the federal securities laws or  
20 any regulation or order issued under such laws, as set forth in Section 523(a)(19) of  
21 the Bankruptcy Code, 11 U.S.C. §523(a)(19).

22 IX.

23 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court  
24 shall retain jurisdiction of this matter for the purposes of enforcing the terms of this  
25 Final Judgment.

X.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

Dated: December 20, 2024

  
HON. MÓNICA RAMÍREZ ALMADANI  
UNITED STATES DISTRICT JUDGE